

Message Text

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TO AMEMBASSY MEXICO

INFO AMEMBASSY KINGSTON

AMEMBASSY SANTO DOMINGO

AMEMBASSY BRIDGETOWN

AMEMBASSY NASSAU

AMEMBASSY PORT AU PRINCE

AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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SUBJECT: TALKS OF MEXICAN SECRETARY OF TOURISM WITH
ASSISTANT SECRETARY TODMAN

1. DURING CALL ON ASSISTANT SECRETARY TODMAN MARCH 22,
MEXICAN SECRETARY OF TOURISM ROSSEL DE LA LAMA EMPHASIZED
HIS CONCERN OVER PROPOSAL NOW AWAITING CONSIDERATION IN
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IBRD TO ABOLISH TOURISM DEPARTMENT AND PHASE OUT LOANS FOR
TOURISM DEVELOPMENT. ROSSEL, WHO WAS ACCCOMPANIED DURING
CALL BY MEXICAN AMBASSADOR MARGAIN, SAID PROPOSAL WOULD HAVE
IMMEDIATE AND SERIOUS EFFECT ON TOURISM-DEPENDENT COUNTRIES
SUCH AS MEXICO AND, SINCE TOURISM IS LABOR-INTENSIVE, WOULD
UNDERCUT MEXICO'S HIGH PRIORITY EFFORT TO CREATE JOBS.
HE APPEALED FOR USG SUPPORT IN IBRD TO DEFEAT THE PROPOSAL.

AMBASSADOR MARGIN WARNED THAT IBRD ACTION WOULD HAVE ADVERSE PSYCHOLOGICAL EFFECTS AS WELL, SINCE PROSPECTIVE PRIVATE INVESTORS IN TOURIST FACILITIES MIGHT SEE THIS, IN EFFECT, AS VOTE OF NO CONFIDENCE IN TOURISM BY INFLUENTIAL IBRD. AMBASSADOR TODMAN SAID HE WAS SYMPATHETIC TO MEXICO'S CONCERNS AND WOULD MAKE INQUIRIES.

2. RECALLING THAT HE AND OTHER SENIOR GOM OFFICIALS HAD DISCUSSED U.S. TAX PROVISIONS ON DEDUCTIBILITY OF FOREIGN CONVENTION EXPENSES WITH VICE PRESIDENT MONDALE IN JANUARY,

ROSSEL SAID MEXICO FEARS FURTHER LOSS OF CONVENTION BUSINESS IF ADMINISTRATION'S PRESENT PROPOSED CRITERIA FOR DEFINING DEDUCTIBLE CONVENTIONS ARE APPLIED. HE CLAIMED TO BE AWARE OF IMPORTANT U.S. GROUPS HAVING ABANDONED PLANS FOR FUTURE CONVENTIONS IN MEXICO IN THE BELIEF THAT THEY WOULD NOT MEET PROPOSED NEW CRITERIA. HE REITERATED ESTABLISHED MEXICAN POSITION THAT BEST SOLUTION WOULD BE LANGUAGE DEFINING MEXICO AND CANADA AS NOT FOREIGN FOR PURPOSES OF THE PROVISIONS ON CONVENTIONS THOUGH HE ACKNOWLEDGED THIS WOULD BE MOST DIFFICULT TO OBTAIN.

3. ASSISTANT SECRETARY TODMAN AGREED THAT SOME OF THE SMALLER TOURISM-INTENSIVE COUNTRIES MIGHT BE HURT BY THE PROPOSED NEW RULES ON CONVENTIONS. BUT MEXICO, HE NOTED, HAD SUCH AMPLE AND DIVERSE BUSINESS AND SOCIAL TIES TO THE UNCLASSIFIED

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U.S. THAT JUSTIFICATION FOR HOLDING CONVENTIONS THERE WOULD BE RELATIVELY EASY. HE EXPRESSED CONFIDENCE THAT MEXICO WOULD NOT BE HARMED BY THE RULES, AND COULD EVEN BENEFIT. - - -

4. ROSSEL DISCUSSED IN BRIEF, GENERAL TERMS THE PROGRESS OF MEXICO'S PROGRAM, UNDER MRS. LOPEZ PORTILLO'S SPONSORSHIP, TO MAKE THE BORDER MORE CULTURALLY ATTRACTIVE TO TOURISM. HE SAID THERE WOULD BE PROJECTS IN THE 14 LARGEST MEXICAN CITIES AND TOWNS ON THE BORDER. NOTING THAT THE OBJECTIVE WAS TO MAKE THE BORDER ATTRACTIVE TO TOURISTS FROM THIRD COUNTRIES AS WELL AS FROM THE U.S., HE HOPED WE WOULD CONTINUE THE COOPERATION DISCUSSED BY THE TWO FIRST LADIES AT THEIR BORDER MEETING IN NOVEMBER, 1977. ROSSEL SAID HE PLANNED TO RETURN TO WASHINGTON AFTER MARCH MEETING OF TOURISM SUB-GROUP TO BRIEF U.S. OFFICIALS IN MORE DETAIL ON THE MEXICAN PROGRAM OF BORDER IMPROVEMENT AND WAYS IN WHICH THE U.S. MIGHT COOPERATE IN IT.

5. FYI IBRD MANAGEMENT IS IN FACT RECOMMENDING ABOLITION OF THE TOURISM DEPARTMENT AND ITS PRACTICE OF MAKING LOANS FOR TOURISM DEVELOPMENT ON GROUNDS THAT BANK

COULD MAKE BETTER USE OF ITS SCARCE RESOURCES. THIS DECISION WOULD NOT AFFECT LOANS ALREADY IN THE PIPELINE. THE IBRD BOARD WILL MAKE THE FINAL DECISION ON THE MATTER AT ITS MEETING ON APRIL 25. WE ARE INFORMED BY U.S. EXECUTIVE DIRECTOR ED FRIED THAT THE U.S. HAS NOT YET DEVELOPED A FORMAL POSITION, THOUGH THERE IS SOME SYMPATHY FOR IBRD RECOMMENDATION. U.S. POSITION WILL BE DECIDED AT A NATIONAL ADVISORY COMMITTEE MEETING PRIOR TO THE BANK BOARD MEETING. COOPER

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